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The following report on Engr. Richard Wolf and the Democratic Union (DU).

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helps to confirm the position of the DU. It has been reported in the press that a request for recognition of the DU as a fourth Austrian political party was considered and dropped for the second time at the meeting of the Allied Council on 15 October 1948. The U.S., British, and French members concurred unanimously that there was insufficient information available to permit a decision. The Soviet delegate objected to this attitude on the part of the other members. The Soviet Element has strongly supported the DU's application to become a fourth political party.

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I. Richard Wolf and the Democratic Union

1. Richard Wolf belongs to an old Viennese family which has had members in Austrian government and military positions. A mechanical engineer by profession, Wolf is 37 years old, a staunch Catholic, reared in the bourgeois tradition. He lives at Melchartgasse 23, Vienna XIII.
2. After completing his education, Wolf became active in Legitimist (Monarchist) circles, but later left the Legitimists and became non-partisan. As a patriotic Austrian he opposed the Heimwehr regime, which drove the country to National Socialism. At that time Wolf, was in industry, working first for AEG-Union and then with Siemens-Schuckert A.G. He was reported to be a clever and capable advertising and purchasing director.

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Later he was [redacted] and served as accounting officer in a German unit on the Eastern Front. There he grasped the mentality of the Russian people and learned to fear Bolshevism.

4. WOLF's friendship with the late State Secretary Raoul BUMBALLA pre-dated the Anschluss, and after the war, WOLF became one of BUMBALLA's closest associates. In 1945, WOLF was appointed press chief of the Austrian People's Party (OeVP); thus he became acquainted with the party machinery. Since he disapproved of certain happenings within the party, he left it shortly before the election in November 1945, turning down an OeVP offer to run for Parliament. He then began working to build up the fourth party conceived by BUMBALLA, and since the latter's death, WOLF has worked alone toward achieving the goal.
5. WOLF named his new party "The Democratic Union of Austria". Its platform is set forth in his weekly paper, Das Echo, which is on sale at the circulation office at 28 Pramergasse, Vienna IX. [redacted] Comment: WOLF was editor of this paper, which was discontinued in June 1948, [redacted] (lack of funds.) The party is in reality a liberal bourgeois party. It is an elastic party created for a purpose and without dogmas. In other words, the policies and program of the party can be adapted to the particular conditions and needs of the day. Above all, it is a purely Austrian party which seeks no connections abroad and is not oriented in any one direction. WOLF favors a line which would make Austria a mediator between East and West, a task for which Austria is predestined by her geo-political situation. This policy would mean strict neutrality and the establishment of Austria as an economic bridge between two extremes. According to WOLF, no matter how serious the political conflict, an economic compromise (Eusgleich) must be achieved.
6. It is generally conceded that WOLF is well informed on Austrian politics, particularly on intrigues and acts of corruption [redacted] In making plans for his fourth party, WOLF has negotiated with almost all political and dissident groups in the country, from the Free Economists (Freiwirtschaftler) and the Ergocrats, to the neo-Nazis of Carinthia. However, WOLF rejected any official connection with these groups since he did not approve of their platforms. WOLF has assumed a strictly negative attitude toward present neo-Nazi intrigues. [redacted] Comment: This is perhaps intended as a reference to the Neo-Nazi Association of Austrians Loyal to the Constitution (Verfassungstreue Vereinigung), whose publication, Alpenlaendischer Heimatruf, was recently banned by the British in their zone.) The DU's relationship to the Socialists was clarified by WOLF in numerous talks with Adolf SCHAEFF. WOLF is unalterably opposed to the Communists since their policy does not benefit Austria, and they are paid agents of the East.
7. WOLF's relations with the OeVP, the party from which he comes, and to which he has the strongest spiritual ties because of its bourgeois origin, are very discouraging. WOLF had hoped to make the OeVP an honest, clean party, but corruption was so widespread that he felt he could not assume the task. He strongly opposes the concept of a Class State (Staendestaat), advocated by Julius RAAB and Vinzenz SCHUMY. OeVP leaders fear WOLF because of his extensive knowledge of their party, and therefore, they have created numerous difficulties for the DU.
8. As is pointed out above, WOLF's foreign policy is to strengthen Austria's role of mediator. Therefore, WOLF negotiated with all four occupying powers, especially with the Soviet Element, because the latter is the most difficult to deal with. His talks with the Soviets convinced him that a bridge to the East could easily be built. WOLF knew General LEBEDENKO through BUMBALLA; KUZMIN once expressed disapproval of the KPOe in WOLF's presence, which WOLF interpreted as an indication of the confidence placed in him by KUZMIN.

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reported in June 1947 to be a member of the Soviet Economic Section, under LANDA-DALYEV. (Allegedly Capt. KUZMIN was not a Communist.) Originally the Soviets' saw in WOLF's party a means to bring about a putsch and subsequent establishment of a people's democracy. They offered BUMBALLA, and later WOLF, large sums (10,000,000 schillings) for party purposes. WOLF refused the money emphatically, and as a result of the free and daring language he used with the Soviets, he advanced in their esteem. He has frequently had talks with one of General KURASOV's advisers. The Soviets have told WOLF repeatedly that the Austrian State treaty is a question for the governing coalition to decide. As long as the non-Austrian, absolutely pro-Western policy of the present government continues, no treaty can be expected. Only recently the Soviets told WOLF that they would be willing to sign a treaty with a coalition government in which WOLF's DU would participate. A condition, however, was that all the "Figls" and "Grubers" must disappear, and be replaced by truly Austrian politicians.

9. When WOLF appealed to all four powers, during his campaign for recognition of his party, he was accorded a favorable reception not only by the Soviets, but also also received with interest and encouragement by the French Commander, General BETHOUART.
10. The OeVP, realizing the danger it faces if a fourth party is recognized, is trying in every possible way to curtail development of the DU. WOLF, who has absolutely no connection with Communism, is constantly attacked as a "crypto-Communist" simply because he has been able to negotiate amicably with the Soviet Element.

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So far WOLF has invested 250,000 schillings of his private funds in the DU. His funds are now almost exhausted, but he has not given up the fight.

11. WOLF apparently is not fighting for personal recognition, but only for realization of his truly Austrian ideas, which are in the interest of the people. In conversations with Minister of Education HURDES, State Secretary GRAF, Chancellor FIGL, and other OeVP leaders, about two months ago, WOLF declared his willingness to work with a thoroughly reorganized and reformed OeVP, even as an OeVP member. GRAF offered to return WOLF to his former job of OeVP press chief, but after considering the offer, WOLF refused, seeing in it a scheme to neutralize his influence. Nevertheless, WOLF is interested only in seeing his ideals fulfilled. It is not important who accomplishes this; he is glad to work with all groups.
12. WOLF has contacts in all industrial, economic, and political circles, and is known, and in some quarters feared, as an expert on the present situation. Rumors spread recently by the OeVP that WOLF was returning to the fold have no foundation. In the event of war, WOLF sees his party assuming the thankless task of protecting middle-class interests as much as possible.
13. In conclusion, it should be re-emphasized that WOLF is fighting to carry out a political plan or concept, that his hands are clean, that he is a realist, motivated only by ideas that serve the State. He rejects any support of foreign origin; he follows a purely Austrian policy. He is primarily a representative of the middle class because he realizes that the interests of this class are not defended by any of the three recognized political parties.

II.

WOLF's Political Position

14. In August and early September 1948, while Richard WOLF was dickering with the OeVP, he told associates he was merely causing HURDES and GRAF to lay themselves open to criticism, and thereby give him ammunition to use in his campaign for the DU. During this period WOLF was quite optimistic. He had succeeded in removing some of the deadwood from his group, and the relatively favorable discussion of the DU in the Allied Council impressed not only his friends, but also

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with him. His Soviet friends advised him to persevere because they were interested in his fourth party. The aim of the Soviet Union, they said, was not to establish a people's democracy in Austria, but to see a "loyal party, oriented neither to the West nor to the East".

15. WOLF definitely counted on recognition of his party in October or November 1948. In his enthusiasm, he talked of recruiting, 80,000 to 100,000 active members, a number sufficient to gain an election victory. He began to look for highly placed associates; he made overtures to LUDWIG [redacted] Comment: Presumably Nationalrat Eduard LUDWIG, OeVP.) and to Professor Josef DOBRETSBERGER, of Graz University, and others whom he believed to be in sympathy with his movement. He claimed the OeVP was falling apart.
16. WOLF's meetings with Soviet officials continued during September. From these meetings, or from his own imagination, came the following reports which he discussed with his friends. On about 1 August 1948 a high Communist official had come to Vienna from Moscow and had given the KPOe a thorough scolding. This official also brought 600,000 schillings to cover the KPOe deficit. His admonishments, which virtually forced the KPOe to call strikes, also led to an order forbidding Ernst FISCHER to make speeches for three months, and caused FISCHER to be branded as a nationalist by Soviet authorities. The Soviet representative to the KPOe is alleged to have told the KPOe leadership that if it did not change its policies and produce results, the KPOe would be reorganized and placed under the leadership of FUERNBERG, whom Moscow regards as sufficiently energetic. WOLF gathered from his Soviet friends that there would be no war. He was allegedly told that the United States would carry out an elastic policy and make concessions because the U.S. armament program is not sufficiently advanced. Soviet control of the Ruhr was also declared to be a possibility. With regard to the political situation in the USSR, WOLF learned (or assumed) that "since the poisoning of SHDANOV by Stalin's group", Stalin is interested in gaining time in which to consolidate the internal situation in the USSR before acting against the capitalist world. This was declared to be the keynote of a new "Slav Communism". The USSR will gain as much as it can from its policy of provocation, as practiced in Berlin, Ankara, and then will allow the international situation to remain quiet for a few years. Though WOLF's friends did not believe all of his reports and predictions, they were impressed by the rapidity with which he could obtain a Soviet or KPOe dossier on anyone in whom he was interested.
17. In mid-September, it was reported that WOLF had accepted a post as OeVP election propaganda chief. WOLF avoided discussing his alleged appointment, but he did declare to a close acquaintance that there were certain "unavoidable things" that he would have to do in order to keep himself and his party above water.
18. In the week of 20 September 1948, WOLF received what he considered a severe setback in the form of a letter from Professor DOBRETSBERGER, rejecting outright any cooperation with WOLF. WOLF had counted heavily on obtaining DOBRETSBERGER's moral support at least. WOLF became so depressed and bitter, that he admitted actions he had previously denied even to his close associates. He said, for instance, that [redacted] the Soviet Element had promised him considerable financial support. He had counted on receiving this money and had therefore invested almost all of his own funds in the venture. When the time for payment arrived, the Soviets procrastinated, telling him that the money transfer had to be approved by the Kremlin, and that though approval was assured, it would take time. Meanwhile, his party had completely run out of money.

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